

Investing in Creativity, and in the Greater Good

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November 25, 2016

Wealth Matters



Lorrie Meyercord in her home invested more than \$1 million in a company that builds housing for artists who use their creative talent for social good. Credit...Mike Coots for The New York Times

LORRIE MEYERCORD wants her portfolio to be made up entirely of investments that aim to do social good while earning a return. But in addition to established categories like the environment, clean energy and organizations benefiting women and girls, she invested in arts and creativity. And she hopes others will follow her lead.

This month, she invested \$1 million in housing for artists in Dearborn, Mich., and Memphis. The two projects, developed by Artspace, offer subsidized apartments to people who work in creative fields, meet an income requirement and pass a screening process by a committee of artists and creative professionals.

“I’ve always loved the arts,” said Ms. Meyercord, 40, whose wealth comes from an investment in a technology start-up she declined to identify. “You don’t typically find ways to invest in arts.”

Making such an investment was not easy. Ms. Meyercord, who lives in Hawaii, made hers through Upstart Co-Lab, a nonprofit organization founded last year to connect investors with people working in creative spaces. The organization aims to bring more capital to artists who are working on important social issues. (The money is not, however, for artists making art objects.)

“There are artists working on all the important social issues,” said Laura Callanan, the founding partner of Upstart Co-Lab. “Some of those artists are starting social purpose businesses and, like any entrepreneur, they need capital. One of our goals is to unleash more capital for creativity.”

The field, known as impact investing, is generally growing. According to a report released this month by the United States Sustainable Investment Foundation: The Forum for Sustainable and Responsible Investment, \$8.72 trillion has been invested in this area, a 33 percent increase since 2014.

Climate change and shareholder activism are popular categories, said Lisa Woll, the foundation’s chief executive. Interest in fostering community investing — like moving money into credit unions and smaller banks that support the local community — has doubled in that period, she said.

But arts investments have yet to register, she said, given that the area is too small for large professional investors to get involved. In this respect, it is ideal for high-net-worth individuals.

To make the Artspace investment work and to encourage others to invest, Ms. Meyercord also made grants to organizations that eased the process along.

She provided \$200,000 to the Calvert Foundation, which organized the \$2.5 million investment in Artspace, so it could charge a lower interest rate. She also gave \$100,000 to Upstart Co-Lab for operational support.

“There aren’t a lot of easy products to invest in on an entry level,” Ms. Meyercord said.

She said she liked that she would be giving artists a place to live and to help their creativity. But she does not expect a large return. “This feels like it falls into that category of not a huge yield but solid,” she said. “But there’s a huge, huge yield in terms of my own sense of impact and fulfillment.”

The Calvert Foundation has set returns for its Community Investment Note ranging from 1 to 4 percent, depending on the length of the investment. The note has made \$1.5 billion in impact investments in affordable housing, education and small business over the last 20 years, with a 100 percent return of principal and interest.

Jennifer Pryce, president and chief executive of the Calvert Foundation, said that when Calvert was approached by Upstart Co-Lab, it analyzed its own \$300 million portfolio and found that it already had \$20 million in investments going to creative endeavors.

“We had never looked at our investment portfolio in terms of groups directing their investment to arts or creative place making,” she said. “It was revealing to me that this has been part of my portfolio implicitly for years. These were groups we had lent to and been repaid.”

Calvert allowed Ms. Meyercord to direct her purchase of its Community Investment Note to Artspace, which made the investment easier for her. (The foundation had done similarly targeted investments for women and Latino groups, Ms. Pryce said.)

If Ms. Meyercord had not bought a note, “she would have had to underwrite Artspace herself — do the due diligence, create legal documents to invest money in Artspace,” Ms. Pryce said. “Our advantage is the ease of passing more money onto Artspace.”

Artspace has a track record of paying back its loans. Started in Minneapolis in the late 1970s, the organization has \$600 million in real estate in 27 cities, said Colin Hamilton, senior vice president of national advancement at Artspace. Its aim is to provide affordable housing to artists and, with it, the security to practice their craft.

Denguhlana Julia Kapilango, a graphic design artist, recently moved into an apartment in the Dearborn Artspace. She said that going before the arts committee was intense but that she had enjoyed living among other artists for the last few months. Her apartment there is also larger than, and a third the cost of, the one she had in midtown Detroit.

“I’m interested in using my graphic arts ability to help small businesses,” she said. “One thing I’ve done is with an art conference centered around public literacy.”

Yet Artspace points to one of the limitations of arts impact funding. Channeling investments into real estate is the easiest route. (In fact, 80 percent of the investments, across all sectors, made by the Community Investment Note were in real estate.)

John W. MacIntosh, a partner at SeaChange Capital Partners, a nonprofit group offering investment banking advisory services to nonprofit organizations, has made many investments in arts organizations like Nuyorican Poets Cafe and the Healing Arts Initiative. He said real estate investments work well for impact investors because many arts organizations have buildings and a need to upgrade or maintain them.

“Arts organizations need to raise capital dollars, but they also need to raise the right type of capital,” he said. “If you do it wrong, you’ll end up with an albatross around your neck. You’ll have the wrong kind of debt or too much debt.”

Mr. MacIntosh said his firm managed two credit funds, one with money from foundations and the other with money from a group of high-net-worth investors.

The firm has made impact investments across a range of sectors as well as grants to help organizations merge. He said that arts and culture organizations often are overlooked but that they need investment money, just as groups that work with the poor need it.

“It’s completely natural that we’d be as excited about the arts as human services,” he said.

Ms. Callanan, whose background includes stints at McKinsey & Company and the Rockefeller Foundation, said she wanted to draw attention to people who identify as artists starting businesses to bring about change.

“The founding partners of Etsy, Kickstarter and Airbnb — they all have artists on the team,” she said. “We don’t have to wonder if they can do it. We have proof.”

She added: “It’s not going to go to the poet directly. It’s going to the poet opening a business, whether it’s a cafe with poetry or a print shop where people can go and make their 3-D printing prototypes or a slate of video games or a fashion business.”

Another limit, though, is the size of the investment. Ms. Callanan said she would like the sector to be more open to smaller investors, the way the Community Investment Note accepts investments from \$20 on up. Ms. Pryce said Calvert had not started exploring an expansion of the program to lower investment amounts.

Ms. Meyercord said that she wanted to bring other investors along.

“My hope is to let people see what’s happening out there in terms of investments and to be inspired,” she said. “Most people invest their money and give it off to someone else, and they hope to get a lot back. They’re not expecting to be totally inspired by what they’re investing in.”